GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:4805
ANSWERED ON:23.05.2006
FDI IN IT SECTOR
Rao Shri Kavuru Samba Siva;Surendran Shri Chengara

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether the Government has permitted Foreign Direct Investment in IT Sector in the country;

(b) if so, the amount invested in the sector during the last three years, year-wise, State-wise;

(c) the benefits achieved by the Government therefrom during the above period;

(d) whether the new FDI guidelines will adversely affect IT industry and restrict flow of FDI into the country; and

(e) if so, the details thereof alongwith the steps taken by the Government in this regard?

Answer

THE MINISTER OF COMMERCE & INDUSTRY (SHRI KAMAL NATH)

(a): Foreign Direct Investment (FDI) up to 100% is allowed under the automatic route in the IT Sector and IT-enabled services.

(b): A statement showing FDI inflow in the IT sector during the last three years, State-wise, is at Annex.

(c): FDI into IT Sector has increased from Rs. 543.66 crore in 2003 to Rs. 4206.68 crore in 2005. FDI, apart from bringing in capital, brings in state-of- the- art technology, good management practices and improved skills to our employees, thereby enhancing competitiveness of the domestic industry in the international market. It also generates additional employment opportunities. Software exports have increased in the IT sector in the last 3 years.

(d): No new FDI guidelines have been framed for the IT Sector. The extant guidelines were issued in 2000.

(e): Does not arise.

ANNEX

STATEMENT REFERRED TO IN REPLY TO PART (b) OF THE LOK SABHA UNSTARRED QUESTION NO. 4805 FOR ANSWER ON 23-5-2006.

YEAR WISE BREAK-UP OF FDI INFLOWS IN THE IT SECTOR (FROM JANUARY 2003 to FEBRUARY 2006)

(Amount Rs. in crore)

Sl.No.	Regional Offices of RBI	States Covered	Jan-Dec 2003	Jan-Dec 2004	Jan-Dec 2005	Jan-Feb 2006	Total
1	HYDERABAD	ANDHRA PRADESH	19.94	85.88	147.07	3.72	256.61
2	AHMEDABAD	GUJARAT	12.93	2.09	5.39	4.81	25.21
3	BANGALORE	KARNATAKA	201.77	276.18	442.41	48.70	969.06
4	KOCHI	KERALA, LAKSHADWEEP	1.62	9.09	10.46	30.00	51.17
5	BHOPAL	MADHYA PRADESH, CHATTISGARH	0.01	0.05	0.71	0.00	0.78
6	MUMBAI	MAHARASHTRA, DADRA & NAGAR HAVELI, DAMAN & DIU	79.18	601.74	349.94	6.56	1037.42

7	BHUBANESHWAR	ORISSA	0.00	0.00	0.15	0.00	0.15
8	CHENNAI	TAMIL NADU, PONDICHERRY	64.65	128.05	115.69	3.86	312.26
9	KOLKATA	WEST BENGAL, SIKKIM, A & NICOBAR ISLANDS	44.02	11.44	13.51	1.11	70.08
10	CHANDIGARH	CHANDIGARH, PUNJAB, HARYANA, HIMACHAL PR.	0.55	59.25	0.05	0.00	59.85
11	NEW DELHI	DELHI, PART OF UP AND HARYANA	41.32	110.65	76.97	5.12	234.05
12	PANAJI	GOA	0.00	4.60	6.45	0.01	11.06
13	STATE NOT INDICATED		77.69	1813.97	3037.87	111.03	5040.56
	Grand Total		543.66	3103.00	4206.68	214.92	8068.26

Foot Note:

1. Includes `equity capital component` only.

2. The above State-wise inflows are classified as per RBI`s Region-wise inflows furnished by RBI, Mumbai